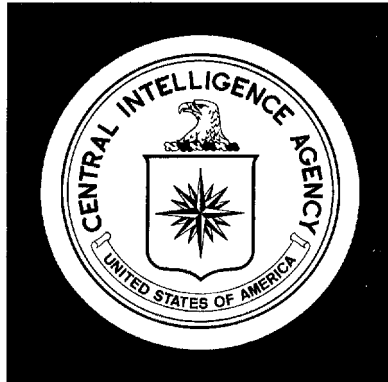


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# Weekly Summary

DIA review  
completed.

State Dept. review  
completed

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No. 0045/74  
8 November 1974

Copy **Nº** **55**

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The WEEKLY SUMMARY, issued every Friday morning by the Office of Current Intelligence, reports and analyzes significant developments of the week through noon on Thursday. It frequently includes material coordinated with or prepared by the Office of Economic Research, the Office of Strategic Research, and the Directorate of Science and Technology. Topics requiring more comprehensive treatment and therefore published separately as Special Reports are listed in the contents.

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# THE MIDDLE EAST

## AFTER THE SUMMIT

(1-6)  
The Arab summit last week in Rabat, at which the participants backed the claims of the Palestine Liberation Organization to future sovereignty over the Israeli-occupied West Bank, has evoked a variety of responses from Arab capitals. The most consistent theme emanating from Arab spokesmen has been the notion that the summit reinforced the image of unity among the Arabs and clarified their demands in a Middle East peace settlement. Satisfaction with this accomplishment, however, appears to be tempered in some quarters by concern over the effect of the summit's decision on prospects for restoring momentum to the negotiating process. Israel this week formally reiterated its unwillingness to deal with the PLO.

### Egypt: Victory and Defeat

Egyptian media have praised the summit as a victory for Arab solidarity and even for President Sadat's strategy, ignoring the reality that the decision on the PLO was a defeat for that strategy. It seems clear that Sadat is now determined not to break ranks with the other Arabs on the Palestinian question. At the same time, media treatment and public statements by Sadat and other spokesmen betray some uncertainty about how to proceed on other issues related to negotiations.

A Cairo radio commentary immediately after the summit, for instance, called for a reconvening of the Geneva conference in the near future, and Sadat himself noted in a post-summit press conference that any further Israeli withdrawals must be on "all fronts." Although these remarks suggest that Egypt now feels tied to a comprehensive approach to negotiations in a Geneva context, other public utterances from Cairo seemed to leave the door open for further staged withdrawals similar to the disengagement agreements concluded this year on the Sinai and Golan fronts.

The Egyptian information minister has said that the summit only laid down principles and that decisions on the "application" of these principles and on "timing" must come later. This suggests a possible readiness to set aside the Palestinian question while further negotiations are attempted on other fronts.

### Syria: Scuttling the Egyptians

Although the Syrians have played up the PLO's victory at Rabat, they clearly believe that they achieved their own main tactical objectives. In scuttling Egyptian efforts to work out a compromise between Jordan and the PLO, they hoped to undercut Secretary Kissinger's strategy and to force both the US and Israel to take Syrian

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interests more into account during the current phase of negotiations. They also wanted to make it clear to President Sadat that they are opposed to Egypt going ahead with any new negotiations with Israel unless Syria receives something tangible at the same time.

Although there is concern in many quarters that a reconvened Geneva conference would quickly degenerate into a propaganda contest, the Syrians apparently believe it is the only appropriate forum for taking up the hard political questions that have not yet been addressed. Of major concern to them in this respect is that Egypt not be allowed to get out of step with the other Arabs. As the Rabat meeting clearly demonstrated, the Syrians have lost none of their distrust of the Egyptians. They have apparently concluded that the essentially bilateral, step-by-step approach favored thus far by Secretary Kissinger does not allow them to keep a close enough watch over Sadat.

#### Jordan: "No Place in Negotiations"

Jordan's King Husayn, in an exclusive interview he gave to the New York Times this week, stated that the Israeli-occupied West Bank was no longer a part of his country and that he therefore had "no place in the negotiations over its future." To take account of the decision in favor of the PLO at Rabat, Husayn said he intends to change Jordan's constitution and reorganize the cabinet and parliament to remove representatives of Palestinians living on the West Bank. Currently, about half the members of the Jordanian parliament are West Bankers who commute to sessions in Amman.

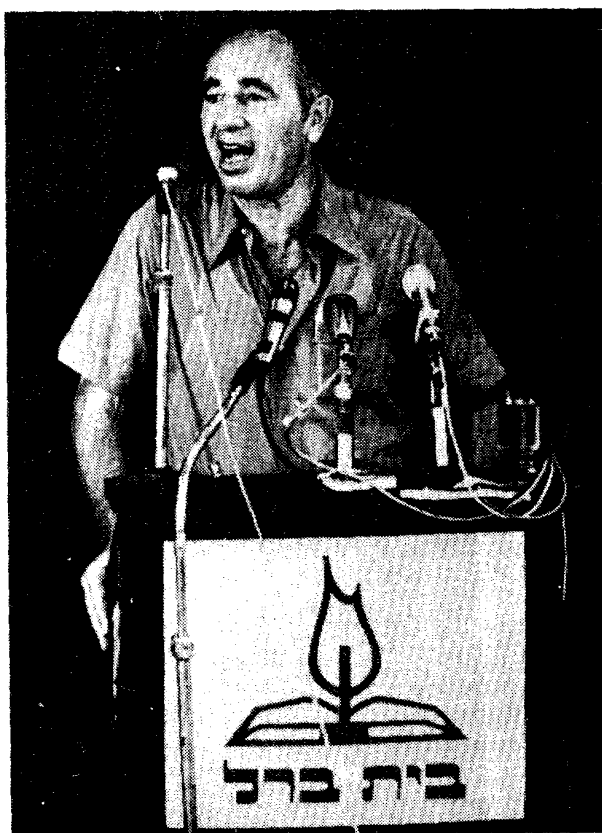
Husayn also said that Palestinians living in Jordan would soon have to choose between Jordanian citizenship and citizenship in whatever entity is ultimately established on the West Bank. He promised to continue to pay the salaries and pensions of West Bank civil servants until Israeli occupation ends. With a touch of bitterness, however, the King ruled out the possibility of a future confederation between Jordan and a Palestinian state, calling it "totally inconceivable."

(1-6)

#### Israel: Apprehensive But Ready

Israeli Prime Minister Rabin, in a statement to the Knesset on November 5 giving his government's official response to the summit, said that his government completely rejects the conclusions reached at Rabat and rules out any negotiations with the PLO. Echoing a theme heard repeatedly in Israel since the summit, he warned Arab leaders not to think that the threat or use of force could lead to a political solution. Israel, he said, would not negotiate under Arab military pressure.

Rabin instead stressed the standard Israeli position on Middle East peace negotiations: Israel remains prepared to conduct talks with Jordan concerning a solution to the Palestinian issue; and it is ready to resume negotiations with Egypt and



Defense Minister Peres

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(1-6)  
 Syria. Rabin was clearly unwilling to make new proposals pending a review of current Middle East peace prospects with Secretary Kissinger, who arrived in Tel Aviv on November 7.

The Israelis are worried that the Arab negotiating position has hardened after Rabat to the point that there is a greater likelihood of renewed hostilities. Even before the Rabat meeting, Israeli pollsters found that nearly 55 percent of the respondents thought war is likely in the near future. Rabin and Defense Minister Peres have recently emphasized to reporters that Israel, too, retains a military option, is militarily stronger now than a year earlier, and that it will not be taken by surprise again. Both have pointedly left open the possibility that Israel might even launch a pre-emptive attack.

The Israelis are also apprehensive that pro-PLO sentiment on the West Bank will grow quickly in the wake of the concessions made to Yasir Arafat at Rabat. Tel Aviv is particularly concerned that this pro-PLO feeling will be translated into terrorist activity in the occupied territories. Shlomo Hillel, the Israeli minister responsible for the West Bank, warned on November 6 that "all possible means" would be used to prevent this.

Israeli military authorities early this week deported four prominent West Bankers charged with offenses ranging from signing a petition supporting the PLO to membership in the illegal Palestine National Front. Tel Aviv is hopeful that the expulsion of these four, together with hints that Israel might reconsider its policy of allowing limited commercial contacts with Jordan's East Bank, will inhibit West Bankers from offering public expressions of support for the PLO.

#### TAKING THE MILITARY PULSE

(7-11)  
 Tension remained high in the Middle East last week, as both the Arabs and the Israelis improved their combat preparedness.

Substantial quantities of military equipment were reported moving to the canal area.

On October 30,

an Egyptian armored brigade was seen on the way from Cairo to the Ismailia area. At the same time, one or two convoys of field artillery also were seen headed for Ismailia. About 40 trucks with bridging equipment and some amphibious vehicles were observed about 12 miles west of the city on November 3—the first time in six months that such equipment was detected in this area. The bridging equipment may have been the same as that seen [redacted] 25X1  
 [redacted] passing through Cairo en route to the canal. In addition, an Algerian armored brigade was reported to have moved into the Suez City area. The Algerian unit has been stationed near Cairo since the war last year. 25X1

According to [redacted]

[redacted] had been forced to react to Israeli military preparations and were preparing to meet any situation. Last Friday, November 1, [redacted] that training is being emphasized and will continue so long as the situation "warrants a state of vigilance." He assured the attaches, however, that Egypt would "scrupulously adhere to the disengagement agreement."

Damascus also has stepped up the pace of its military activity. Intensive military training and maneuvers have been held during the past several weeks, and the Syrians reportedly are pressing ahead with the construction of new defenses in the capital area. There are no indications that Syria has put its forces on high alert, but Chief of Staff Shihabi has expressed nervousness and irritation over recent Israeli military exercises on the Golan Heights.

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**West Germany**  
**DEALING WITH MOSCOW AND PANKOW**

(12-76)  
Chancellor Schmidt has strengthened his credentials as a defender of West Berlin's political and economic interests as a result of his meeting with Soviet leaders in Moscow last week and his government's recent bilateral negotiations with East Germany. Although he has extracted concessions from both Moscow and Pankow, skepticism remains among the West German public about Bonn's success in negotiating with the East because the full details are not yet known. The joint communique issued at the end of the meeting with Soviet leaders made scant reference to Berlin, and no major bilateral accords were signed, suggesting to some that the Chancellor accomplished very little.

Despite this impression, West German officials seem essentially pleased with the results of the summit. Schmidt told the Soviet leaders flatly that a joint project to build a nuclear power plant in the USSR was unacceptable unless the transmission lines for the delivery of electrical energy run directly through West Berlin. In response, the Soviets confirmed an earlier commitment on this point and agreed to an arrangement that would allow West German power plants to supply the city if deliveries from the East are interrupted.

The Chancellor reiterated his position that economic conditions do not permit Bonn to give

financial assistance for this project. The Soviets were clearly displeased, as lengthy negotiations with German firms and banks will now be required to resolve the financial difficulties. Moscow also wants to discuss the routing of the transmission lines with the East Germans, but they are not expected to raise serious problems.

Schmidt and the Soviet leaders made some progress toward including West Berlin in bilateral accords, but the Soviets insisted that this "understanding" must not be publicized. The breakthrough came on the last day of the talks, when Soviet Foreign Minister Gromyko offered a novel formula that allows the appropriate ministries in Bonn and Moscow to handle exchanges on humanitarian and scientific matters with the proviso that no individual be excluded because of his place of residence or professional activity—such as federal employees working in West Berlin.

It is not yet clear whether this formula will be applied to all the bilateral accords under negotiation, but both sides seem satisfied that this "pragmatic solution" avoids the legalistic pitfalls inherent in their conflicting interpretations of West Berlin's political status.

The Chancellor also agreed to sign a sub-agreement—containing a Berlin clause—to the



Schmidt (l) and Brezhnev in Moscow

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long-term economic accord concluded last year. This supplementary document is designed to facilitate more direct business contacts between Soviet and German firms, but it is not a substitute for the bilateral trade treaty that expires next month. According to EC regulations, the Soviets in the future will have to deal directly with the EC Commission on trade matters.

Overall, the Soviets had few concrete results to point to, but they seemed assured that Schmidt is committed to continued improvement in bilateral relations. The two countries' foreign ministers will now try to meet annually. Soviet press commentary has placed heavy stress on the bilateral economic gains that had supposedly been made.

Schmidt's decision early last month to harden Bonn's negotiating position with Pankow has also produced results. Only a day before Schmidt's meeting in Moscow, the East Germans announced that the minimum currency exchange requirement for visits to East Germany would be reduced significantly, returning it virtually to its former level by November 15.

Most West German and West Berlin politicians called the decision a first step in the right direction. There are some complaints, however, that old age pensioners still must pay the exchange requirement, as well as speculation that Schmidt may have made substantial economic concessions—such as continuing interest-free credit arrangements—to induce East German flexibility.

In fact, however, Schmidt did not offer any economic concessions, despite his interest in gaining Pankow's cooperation on a number of joint projects. On the contrary, he has authorized Bonn's official representative in East Berlin to press for a full return of the exchange requirement to its former level and exemptions for pensioners. Bonn evidently remains hopeful that Pankow's desire for interest-free credits will lead it to make concessions. Once Pankow demonstrates its willingness to compromise, Bonn stands

ready to resume talks on credit as well as other elements of the "package deal" on economic co-operation. [redacted]

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## EC - ARAB STATES: GETTING READY

(17-20)

During their recent meetings in Cairo, representatives of the EC and the Arab League discussed procedural matters relating to the "Euro-Arab dialogue" and agreed to hold the first meeting of the general commission in Paris, probably in late November. Although Arab oil—and the Nine's dependence upon it—has nowhere entered into the preliminary discussions, it has implicit importance as a background factor.

The EC-Arab dialogue developed from a French initiative earlier this year and is intended to provide a broad framework for relations between the Nine and the Arab states. Progress has been slow in organizing working groups and in completing other administrative preparations.

At the Cairo sessions last month, the EC proposed establishing working groups in agriculture, industry, financial matters (to include recycling of oil dollars), culture, and technology. Despite reservations on the part of certain unspecified leaders, the Arabs approved these and related proposals at the Rabat conference. According to an EC Commission official, the coming Paris meetings will undoubtedly be restricted to procedural questions. If all goes well, however, the working groups will be established and could come up with definite recommendations by spring.

The EC official [redacted] told the US mission to the EC that it is clearly understood among the Nine that political questions surrounding a Middle East peace settlement would be avoided during talks with the Arabs. When the dialogue was begun, however, the Arab resolution agreeing to it gave priority to political cooperation as an area for joint action and, despite the EC's intentions to avoid political questions, the Arabs have said they want to discuss matters related to a Middle East peace settlement. [redacted]

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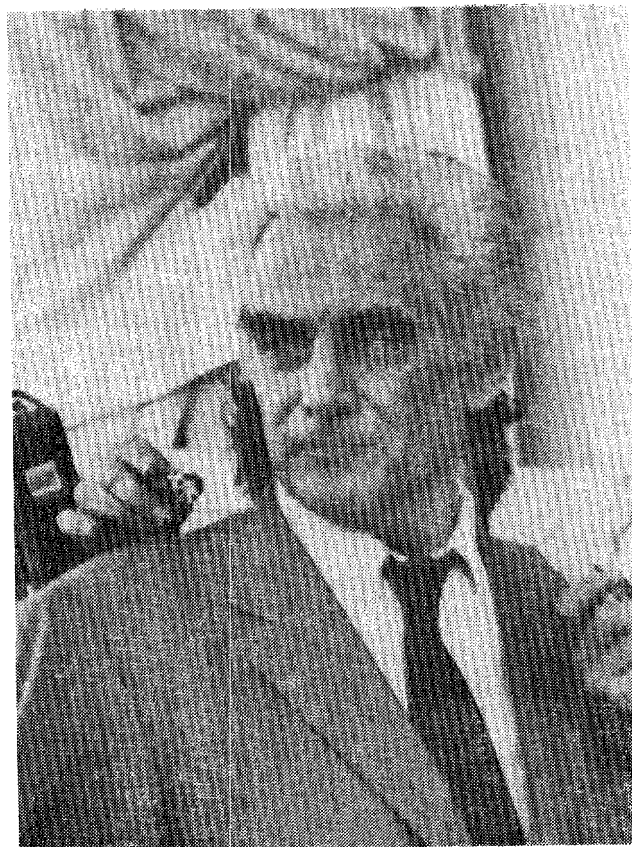
## USSR-PORTUGAL: OLD HOME WEEK

(26-29) (34)  
Few of even the more sanguine Communist leaders would have dreamed that long-time Moscow resident Alvaro Cunhal would one day return to the Soviet capital as a minister in a Portuguese government. But the leader of the Portuguese Communist Party was in Moscow last week, heading the first official delegation Lisbon has ever sent to the Soviet Union. The Soviets greeted him with the warmth due an old comrade, and they seemed not overly sensitive to the possibility of creating problems for the Portuguese or other West European Communists by their embrace of Cunhal.

The Portuguese delegation appeared eager to make up for 50 years of lost time. Over a six-day period—in addition to the usual round of ceremonial activities—it met with representatives of the Soviet Foreign Trade, Foreign Affairs, Culture, and Merchant Marine ministries, the committees for Science and Technology and Foreign Economic Relations, and the CPSU Central Committee. Cunhal talked with Soviet President Podgorny, but not with party chief Brezhnev or Premier Kosygin. He had a session with Boris Ponomarev, CPSU Central Committee secretary in charge of relations with non-ruling parties, reflecting Cunhal's dual role as government minister and head of the Portuguese Communist Party.

No agreements were signed during the visit, but the joint communique reported that negotiations on a bilateral trade agreement would begin next month. The communique also stressed the desirability of preparing concrete proposals on scientific-technical cooperation and noted that negotiations on a cultural cooperation agreement would also be undertaken. References to starting each set of negotiations "in the near future" or "as soon as possible" lend an air of urgency to the development of relations and project a strong Soviet interest in Portugal.

While Moscow is clearly satisfied with events in Portugal, the Soviets were careful to avoid any concrete commitments at this time or to give the appearance of meddling too obviously in Portuguese affairs. Moscow is still concerned about the



Alvaro Cunhal  
*Portuguese Communist Party leader*

possibility of a rightist resurgence in Portugal and does not want to give the "counter-revolution" a ready-made rallying point.

The Soviets emphasized the economic side of relations during the visit, not only because they do not want to incite the Portuguese right wing, but also because they recognize that the seriousness of Portuguese economic problems could undermine the position of the new government and Cunhal's Communists. Thus, the Soviet negotiating group was conspicuously led by Foreign Trade Minister Patolichev. Nevertheless, the Soviets warned that there would be limits to their economic assistance; Podgorny spoke of the USSR helping to solve Portugal's economic problems "to the extent that it is in a position to do so."

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## USSR

### YOUNGER ADMIRALS MOVE UP

(35-37)  
Recent shifts in the Soviet naval high command have brought some younger admirals into positions of greater responsibility and influence. The new naval leaders will probably continue to emphasize the use of naval forces to further Soviet political interests in peacetime.

The most important shift occurred in early October when Fleet Admiral Smirnov, age 57, replaced Fleet Admiral Kasatonov, age 64, as first deputy commander in chief of the Soviet navy; Kasatonov will probably retire. Smirnov's new position makes him the logical successor to Admiral Gorshkov, commander of the Soviet navy, when Gorshkov leaves his post. Gorshkov, who is 64, has commanded the navy since 1956 and is likely to step down in the next few years. If Smirnov does succeed Gorshkov, he will be the first submarine officer to command the Soviet navy.

Smirnov formerly commanded the Soviet Pacific Fleet. With his promotion last year to the rank of fleet admiral—the first Pacific Fleet commander to hold that rank—he immediately became a likely candidate to replace Kasatonov. Kasatonov has been active in the Incidents at Sea discussions with the US, and Smirnov probably will take over this assignment.

Smirnov was succeeded as commander of the Pacific Fleet by his former deputy, Vice Admiral Maslov, a submarine officer in his late forties. This continues the recent pattern of fleet command assignments in which submarine officers have commanded the open-ocean fleets—the Northern and Pacific—and surface ship officers have commanded the closed-sea fleets—the Baltic and the Black.

Other changes in the naval hierarchy since mid-1974 due to death, retirement, or transfers have brought younger officers with little or no World War II combat experience to important posts. These include, for example, the new commander of the Black Sea Fleet, Vice Admiral Khovrin, and the new commander of naval aviation, Colonel General Mironenko. Many of these younger officers have participated in distant

cruises and visits to foreign ports. They are less likely to be as tradition-bound as their predecessors, and may also be more receptive to new strategic concepts or to innovative proposals for naval weapons systems.

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## TURKEY: THE STALEMATE CONTINUES

(41, 42)  
Caretaker Prime Minister Ecevit's failure to obtain support from other parties in his attempt to form a new government has prompted him to postpone Secretary of State Kissinger's trip to Ankara and to withdraw as prime minister - designate. This deepening of the 50-day-old government stalemate followed Justice Party leader Demirel's rejection earlier in the week of a broad range of proposals for forming a new government submitted to him last month by Ecevit.

Demirel's rejection of Ecevit's nine proposals, including the offer of a coalition or for either party to support a minority government by the other, left Ecevit with little new to try. He approached the small right-of-center Democratic Party with a coalition offer but, as on two previous occasions, the Democrats turned him down. Ecevit then sought support for a minority government, but he was forced to ask President Koruturk to relieve him of the task of forming the new government when the three major rightist parties announced that they were unalterably opposed.

Ecevit will continue as head of the caretaker government until a new one is formed, but he apparently believes that this position does not give him the necessary base from which to hold high-level discussions with Secretary Kissinger on the Cyprus problem. While Ecevit no doubt would be unable to agree to any major concessions to move the Cyprus issue toward resolution, the postponement of the secretary's visit may also have been a ploy on Ecevit's part to convince other political leaders of the necessity of moving rapidly to organize a new government. By placing the onus for the continuing stalemate on the recalcitrant opposition, Ecevit may hope to offset charges that he blundered by seeking political gain from the Cyprus issue when he dissolved his governing coalition on September 18.

President Koruturk has only two options available in attempting to break the political logjam, both of which have been tried once before. He can turn to a political leader from the



Prime Minister Ecevit

right to try to form a coalition. Demirel, as head of the largest opposition party, is the logical choice, but he has already tried and failed. This makes it more likely that Koruturk would turn to another Justice Party leader, or perhaps to the leader of one of the smaller rightist parties, such as Ferruh Bozbeyli of the Democratic Party. The President's other choice would be to try to put together a nonpartisan government, as was done following the elections in 1973 when it took three months to forge a coalition. Koruturk raised this possibility last month, but it was roundly rejected by all political parties.

The caretaker government can probably continue to function indefinitely, but it can take no new initiatives and can resolve none of the outstanding problems. The Turkish constitution has no provision for dissolving parliament and calling new elections under these circumstances, unless parliament itself agrees to the move. In the meantime, both Ecevit and his rightist opposition will try to blame the other for the continuing stalemate.

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# UN: DISCUSSING DISARMAMENT

(77 - 86)  
The concern of many countries over the growing risk of nuclear proliferation has sparked a more active debate than usual on disarmament questions at the current session of the General Assembly. A number of members are frustrated by what they see as years of desultory negotiations on arms control and disarmament, and they were additionally jolted by the Indian nuclear test in May, which many countries felt confirmed the failure of UN disarmament efforts. They are now pushing for early progress toward a test ban treaty or, at the least, toward stemming the acceleration of international weapons development. Progress thus far would seem to indicate continued frustration.

India's efforts to justify its nuclear explosion as "peaceful" have focused international attention on this facet of nuclear development as well and have alerted many countries to the proliferation potential of peaceful nuclear explosions. This question is being addressed in a number of UN-associated committees or organizations, but many developing countries believe that the General Assembly should also become involved. These countries argue that peaceful nuclear explosions raise political, technical, and economic issues that require full-blown assembly debate. Moreover, the developing countries feel they can exert little pressure for disarmament in the more restricted negotiating groups.

The Japanese have been among the most active in pushing for the adoption of effective disarmament and nonproliferation measures. As a follow-up to Foreign Minister Kimura's General Assembly speech, which highlighted Japan's desire to involve the UN more fully in nonproliferation, Tokyo has indicated it will press for a resolution to study peaceful nuclear explosions, probably in the Conference of the Committee on Disarmament. The Japanese—and the principal co-sponsors of such a resolution, the Dutch and the Swedes—hope that such a study would help convince states that they can afford to give up their option to conduct peaceful nuclear explosions. A provision to cease all such tests until completion of the study was dropped after the expected opposition of some countries, par-

ticularly India. Even so, the Indians are apparently still not satisfied, and their attempts to drum up opposition may force deferral of the peaceful nuclear explosion issue until next year.

In addition to focusing attention on peaceful nuclear explosions, the Indian nuclear test has also rekindled interest in the concept of nuclear-free zones. Resolutions calling for the establishment of such zones in the Middle East and South Asia have already been submitted; Nigeria is thinking of submitting a resolution on an African nuclear-free zone; and Finland may call for an experts' study of the whole nuclear-free-zone concept. The Pakistanis have been pressing the permanent Security Council members for a new resolution guaranteeing the security of the non-nuclear countries, but so far with little result.

Calls for the conclusion of a comprehensive nuclear test ban agreement continue to have majority support. This year, the Australians and New Zealanders have spearheaded these efforts. Despite their initial intention to press for a resolution banning the testing of all nuclear explosive devices—including peaceful nuclear explosions—the opposition of the nonaligned states, particularly India, has led the co-sponsors to specify a nuclear weapons testing ban only. The Indians and others object to any resolution that equates peaceful nuclear explosions with nuclear weapons testing.

A Soviet-sponsored resolution calling for a convention banning the modification of the environment for military purposes has received strong nonaligned support, although most of the developed countries are not enthusiastic about it. They argue that the resolution fails to separate the arms control aspects of the proposed convention from the broader environmental issues it raises. Pollution and environmental aspects of the question, they believe, are best handled in other existing UN organizations, while the disarmament implications require further study.

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Demonstrations during the holidays

## SOUTH VIETNAM: A TEMPORARY LULL

(50, 51)  
Following the rash of demonstrations focused on the National Day celebrations, South Vietnam is enjoying a week of relative calm. Catholic dissidents are busy planning more rallies, and the Buddhists are working hard in the provinces to organize their National Reconciliation movement. The present quiet may also be due in part to an implied warning by President Thieu in his National Day speech on November 1 that the government was prepared to get tougher with the protesters if renewed demonstrations got out of hand.

Thieu's remarks on the holiday that celebrates the overthrow of the Diem regime represented an appeal for national unity and for support from the more moderate political opposition and national religious leaders. Thieu urged the population at large not to join minority elements in protests against the government. He indirectly accused the protest groups of receiving active support from the Communists and claimed that the demonstrations would only encourage the enemy to step up the fighting.

The President balanced these remarks, however, with a promise to continue his campaign to

clean up the government and to push for liberalization of restrictions on the press and political parties. He did not announce any new personnel changes.

Alluding to the presidential election next year, he said it was not important who was president, but only that the country remain in the hands of nationalists who will not bow to inflexible Communist political demands.

Some Western press reporting has interpreted these remarks to mean that Thieu is considering resignation. Over the years, however, Thieu has often indicated his willingness to step aside if necessary, mainly to demonstrate that he is interested primarily in the country's welfare rather than his own.

Thieu also issued a press release quoting President Ford's recent letter affirming US support for South Vietnam. Thieu no doubt hopes the letter will help lessen fears of eventual US abandonment, show that he retains the full confidence of the US, and dispel rumors of secret US support for the dissidents.

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An ailing Souvanna returns

## LAOS: SOUVANNA RETURNS

(52-58)  
Prime Minister Souvanna Phouma has returned to Vientiane from France following nearly ten weeks of convalescence from the serious heart attack he suffered in mid-July. Despite statements by Souvanna's Lao doctor that the Prime Minister's recovery was proceeding "normally," there are strong indications to the contrary.

The 73-year-old Prime Minister intends to continue his recuperation in the royal capital of Luang Prabang, and is likely to remain there at least until next April. Khamphan Panya, the coalition government's newly appointed ambassador to Washington and a close confidant of the Prime Minister, believes that Souvanna will be relatively inactive while in Luang Prabang and is hopeful that contentious political issues will remain on the back burner. Souvanna's recovery probably depends on the extent to which he is able to avoid personal involvement in the host of difficult political problems confronting the coalition.

The odds are slim, however, that Souvanna will succeed in sidestepping the political firing line for very long. For one thing, the coalition's Joint National Political Council, chaired by Lao

Communist leader Souphanouvong, reconvenes shortly in general session in Luang Prabang. There has also been talk of relocating much of the government administration from Vientiane to the royal capital. It seems almost inevitable that Souvanna will be exposed to strong, competing political pressures from the coalition partners.

The Communists can be expected to push hard for Souphanouvong's original 18-point national political program; for dissolution of the dormant, rightist-dominated National Assembly and its replacement by the Political Council; and for diplomatic recognition of the shadow Communist regimes in South Vietnam and Cambodia.

They may also agitate for a cabinet reshuffle to remove uncooperative rightist politicians from the government.

the Communists have singled out powerful Defense Minister Sisouk na Champassak, Finance Minister Ngon Sananikone, and Deputy Foreign Minister Tianethone Chantharasy for dismissal. While the Communists probably recognize there is little chance of prevailing upon Souvanna to sack Sisouk or Ngon, their real target may be the deputy foreign minister. With the recalcitrant Tianethone out of the way, Communist Foreign Minister Phoumi Vongvichit would be able to pursue Pathet Lao foreign policy objectives with a freer hand.

The non-Communists will pressure Souvanna to resist all of these Communist demands, but they also recognize that the ailing Souvanna may be unable to resume his full prime ministerial duties, and they are beginning seriously to consider the choice of a successor amenable to their political interests. While they seem to prefer a candidate from the royal family—King's Council President Prince Khammao is the current front runner—they have not overlooked neutralist Interior Minister Pheng Phongsavan as a possible compromise. The non-Communists are convinced that Hanoi and Sam Neua are busily grooming Souphanouvong for the prime ministership, but, in spite of the impressive nationalist credentials of the "Red Prince," they regard him as unacceptable at this early stage of the coalition.

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**SOUTH KOREA: POLITICAL TENSIONS**

(43-49)

President Ford's visit to Seoul, scheduled for November 22-23, has provided a focus for a bold effort by anti-regime elements to advertise their grievances. Since late September, Pak's opponents have kept up a fairly steady drumbeat of protest against his persistent refusal to release imprisoned dissenters and undertake democratic reforms:

- Large-scale student rallies and demonstrations, many leading to clashes with riot police, now occur almost daily in Seoul and, less frequently, in provincial cities.

- Seoul's major daily newspapers recently challenged government censorship and won the right to publish limited information on opposition activities.

- The main opposition party leader, Kim Yong-sam, has been pressing vigorously in the National Assembly for constitutional reform; late last week, Kim's party voted to boycott all other assembly activities until this issue is taken up.

- Though protests by Protestant and Catholic groups have eased somewhat since major rallies in October, further anti-regime activities by these groups are likely over the next two weeks.

The Pak government's immediate concern is to ride out the current round of unrest until President Ford's visit is completed. It is using a combination of firmness and restraint, discouraging greater street activity while avoiding wholesale suppression. Universities with the most militant student bodies are being shut down, but relatively few students—or Christian activists, either—have been arrested, and even these have been given light punishment. Although the government has backed off from an immediate confrontation with the press, the most defiant newsmen have been [ ] warned of harsh retribution later on. Pak's lieutenants are working hard—but behind the scenes—to undermine Kim Yong-sam's position in the assembly.

The attention of both government and opposition is now focused on President Ford's visit.

All factions consider the US to be a key influence in determining how Pak handles his domestic critics. The opposition is concerned that the Ford visit will be construed as an across-the-board endorsement of Pak's domestic policies. Pak is annoyed that his adversaries are taking advantage of the visit to press their attack. But he badly wants President Ford to come and probably believes that continuation of his present, fairly restrained handling of the opposition will prevent the sort of domestic uproar that might lead the US to reconsider the visit.

Following the Ford visit, Pak will have to decide whether to reach out to the opposition with some kind of conciliatory moves or to return to the harsh repressive measures of earlier this year. If Pak decides on another crackdown, political tensions could eventually build to a breaking point. Further street demonstrations by students or Christians could evolve into the sort of massive gathering that requires major police and military countermeasures. Pak cannot be certain that his police and military units would shed the blood of fellow Koreans to defend his regime. The dissident elements, heretofore relatively uncoordinated in their anti-regime activities, could in time coalesce under effective political leadership. Kim Yong-sam seems to be waiting for such an opportunity. In addition, the South Korean economic situation, expected to worsen over the coming winter, has already begun to generate an unusual degree of labor unrest in the country. If, as expected, unemployment grows more serious, the opposition's support in the streets could grow.

Despite the possibility of increased dissent, Pak is concerned that a conciliatory course might only encourage the opposition to enlarge its demands. Pak's pragmatism could lead him to offer some gestures of reconciliation aimed at containing the opposition over the winter. He is, nonetheless, convinced of the essential rightness of his authoritarian policies, and he is unlikely to make any major concessions to his opponents. The outlook, therefore, is for another round of political warfare in South Korea on the pattern of the past year. [ ]

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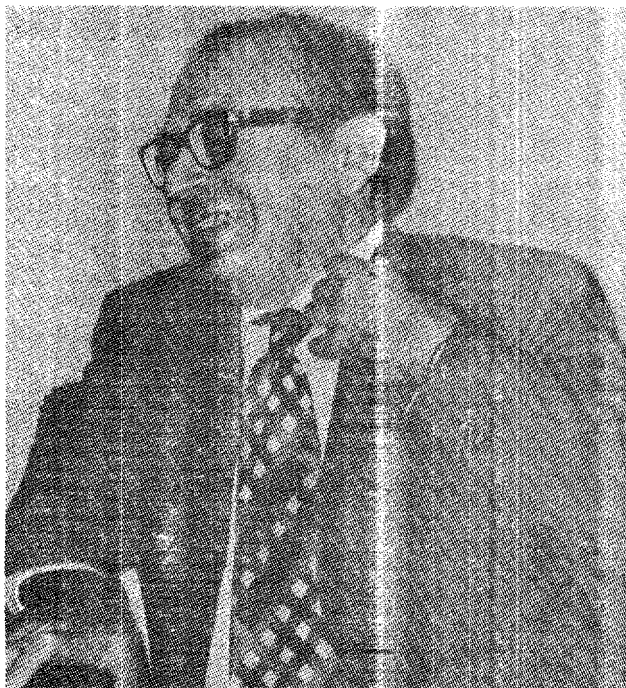
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### LEBANON: NEW GOVERNMENT

(59,60)  
President Franjiah's formal appointment on October 31 of Prime Minister Rashid Sulh and his 18-member cabinet has ended Lebanon's month-old government crisis. The installation of the new government, however, will not provide relief from the security, economic, and social problems that forced the resignation of former prime minister Taqi al-Din Sulh.

The new Prime Minister, like his predecessor, has put together a cabinet designed primarily to balance Lebanon's several religious and political blocs. It is dominated by conservative, older generation politicians known more for their loyalty to President Franjiah than for any innovative ideas on public policy.

Sulh has kept for himself the most important post, that of interior minister. This reflects the priority he attaches to reducing civil disorder among fringe elements of the major political parties and the Palestinians and to maintaining the government's currently tolerable relations with leaders of the major fedayeen organizations.



Prime Minister Rashid Sulh

These tasks should be eased by the cooperation Sulh has been promised by Kamal Jumblatt, Lebanon's leading pro-Palestinian politician, and by the Syrian government. Damascus has the ability to help contain Lebanon's internal security problem by restricting fedayeen movements and arms shipments. [redacted] 25X1

### KUWAIT BOOSTS MILITARY SPENDING

(61-64)  
Kuwait is using its substantial oil revenues to speed up its military procurement program. Most purchases have been made from France, but Kuwait is negotiating with other West European countries and the US in an effort to diversify supply sources.

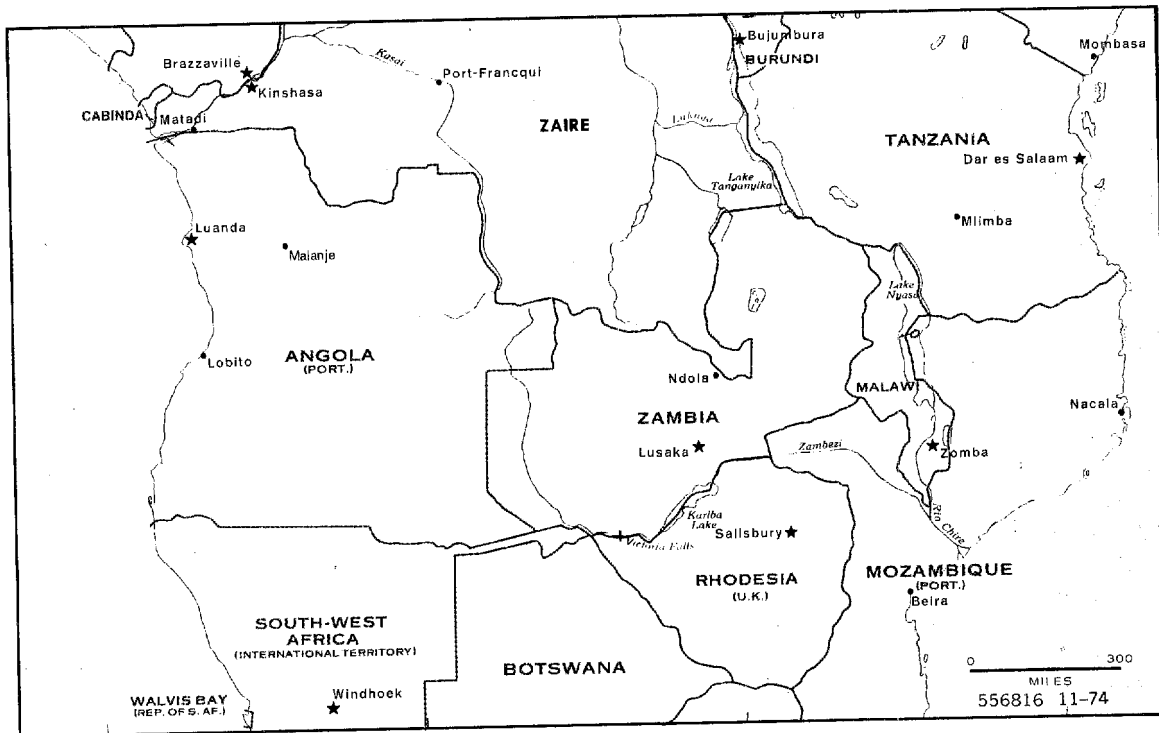
During the first half of this year, Kuwait concluded major agreements with France worth about \$115 million, more than half the total value of Western-Kuwaiti agreements during the past two decades. These contracts were for Gazelle and Puma helicopters as well as at least one squadron of Mirage F-1 aircraft. Negotiations are continuing for the purchase of the Crotale, Roland, HOT, and Milan missile systems.

In September, Kuwait signed a contract with the French manufacturer Avions Marcel Dassault for two types of military aircraft, perhaps including another squadron of Mirages. Kuwait, like Saudi Arabia, may be purchasing the Mirages for later delivery to Egypt. The UK has also expressed an interest in selling Kuwait the Anglo-French Dassault-Breguet/BAC Jaguar aircraft.

The US is beginning to penetrate the Kuwaiti market. Negotiations began last year on a \$560 million arms package covering jet fighters, helicopters, tanks, anti-tank and anti-aircraft missiles, and radar. In August an \$11 million agreement was concluded for 1,800 TOW missiles and some ancillary equipment and training, and another contract for US Hawk surface-to-air missiles and two squadrons of A-4M Skyhawk aircraft will probably be signed soon. Currently, 97 Kuwaiti pilots and cadets are in the US for training on this aircraft. [redacted] 25X1

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## ANGOLA: TROUBLED TERRITORY

(NET SOURCE)

Portuguese authorities and Angolan insurgent groups are still far from agreement on a plan for decolonizing the territory, even though the three rebel groups have agreed to suspend hostilities and are establishing offices in Luanda. Meanwhile, the weakness of the present territorial government has been underscored recently by an outbreak of racial violence in northeastern Angola and by fighting between rival insurgent groups in the exclave of Cabinda.

In an attempt to speed up the decolonization process, Admiral Rosa Coutinho, head of the military junta that Lisbon installed last summer to run the territory, is taking a personal role in talks with the insurgents. On October 27, he met with Jonas Savimbi, leader of the National Union for the Total Independence of Angola, the smallest of the insurgent groups. Rosa Coutinho is also seeking to arrange personal meetings with Agostinho Neto, president of the Popular Move-

ment for the Liberation of Angola, and with Holden Roberto, who heads the National Front for the Liberation of Angola. Roberto, however, refuses to recognize the territory's junta, which he apparently believes is prejudiced against his group, and has affirmed that he will deal only with Lisbon.

The junta believes that the success of any decolonization plan depends on cooperation among the three insurgent groups and the new, largely white, non-insurgent political organizations that have emerged in Angola since the coup in Portugal. Neto recently told reporters that he is negotiating with Roberto, but that both of them refuse to join with Savimbi and that both reject the participation of the non-insurgent groups in a transitional government. The Portuguese are concerned about the disruptive potential of Angola's 500,000 whites, who are not likely to accede quietly to their exclusion from the regime that is to lead the territory to independence.

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A sudden wave of racial violence broke out in northeastern Angola two weeks ago, catching the Angolan authorities unprepared. A number of farms have been burned out, stores and public buildings sacked, and white travelers ambushed. By late this week, such incidents were continuing. The violence reportedly was initiated by marauding bands of Africans taking revenge against white farmers and merchants against whom they had grievances. White vigilantes dressed in military jungle garb were said to have retaliated with attacks against African villages. The violence was not associated with any of the nationalist movements.

Meanwhile, a brief skirmish occurred late last week in the oil-rich Angolan exclave of Cabinda between a local separatist group and the Popular Movement for the Liberation of Angola. This points up another complication for the Portuguese, as both Lisbon and the insurgents regard the exclave as a district of Angola. The Cabindan separatist movement is small and is split into two opposing factions, but separatist sentiment in the exclave has a long history and is now beginning to re-emerge after a period of dormancy.

In the wake of the recent skirmish, Portuguese army elements, acting jointly with troops of the Popular Movement, occupied key installations and arrested the local governor and his staff. The Portuguese junior officers who led the operation had been looking for an excuse to oust the governor, who had supported the separatists. The junior officers apparently acted without prior approval from Luanda.

Such unauthorized moves by junior army officers have occurred in Angola and Mozambique several times since the coup in Lisbon. On this occasion, the action taken squared with the policy of the governing juntas in Angola and Lisbon—namely, to cooperate with recognized insurgent groups to maintain order. The recurrence of such incidents, however, hints at a lack of discipline in the Portuguese military that could prove disruptive in Angola, especially if political disagreements intensify and more people begin choosing sides.

#### OAS: ANXIETY AT QUITO

(68-77)  
The OAS foreign ministers will open their conference at Quito in a somewhat testy and anxious mood. The single purpose of the meeting, which runs from November 8 through 11, is to decide on the proposal to rescind the ten-year-old diplomatic and economic sanctions against Cuba, but the delegates sense that much more is at stake. They expect that the way the conference unfolds will be an important determinant of the prospects for continuing the new inter-American dialogue that opened early this year.

Apprehension that the meeting might evolve as a negative factor for the dialogue has arisen from several directions:

- The sponsors of the resolution under review have lost confidence that they have the 14 votes required to win.
- Exchanges between those favoring the termination of sanctions and those opposed have become rancorous.
- Smoldering resentments against the US are adding to the potential for a contentious atmosphere.

As the conference begins, only 11 ayes and 3 nays appear secure. The votes of Brazil, Guatemala, the Dominican Republic, Haiti, Nicaragua, and Bolivia remain up for grabs in varying degrees. Some of these governments want to follow a US lead; Brazil definitely does not. In any case, the absence of a defined US position has made them uncertain about where to stand.

Chile and Uruguay have become increasingly aggressive with their anti-Cuban theme and irritated with the general lack of interest by the other governments in Santiago's and Montevideo's accusations against Havana. Reports that the Costa Rican foreign minister made insulting remarks about their "fanatical" view have angered the two governments further.

Editorial commentary in various countries has continued to raise speculation that some

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delegates might bring up US involvement in Chilean politics as a lever against the delegations opposed to lifting the sanctions.

Most of the governments believe that if future inter-American assemblies are to proceed constructively, Quito must play out as a dignified and conclusive exercise. For the sake of this larger interest, they will probably make an intense effort to play down their differences over Cuba and seek a formula that dismisses the issue without greatly offending any government. But existing frictions will not be easy to overcome, and there is a real risk that the conference will be a setback to hemispheric efforts to forge a more cooperative spirit. [REDACTED]

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#### CHILE BESET BY ECONOMIC PROBLEMS

(72, 73)  
Chile faces a bleak outlook next year, despite some progress in coping with its economic problems. Sharply lower earnings from copper exports will probably force the junta to reverse its import liberalization program, thus retarding economic growth and fueling inflation. Reduced export earnings will also require new and larger foreign assistance as well as another debt rescheduling by Chile's major Western creditors.

The austerity measures introduced a year ago by the junta have failed to control inflation. The cost-of-living index this year is likely to hit 350 percent, far above the junta's initial goal of only allowing prices to double. The austerity program's impact fell mainly on workers. Purchasing power was sharply reduced as wage hikes were kept below price increases. Unemployment rose to the highest level in 15 years after private businesses were permitted to fire large numbers of redundant workers who had been retained

because of political pressures from the Allende government. The failure to control price increases stemmed from rapid growth in the money supply that reflected an unwillingness to restrain credit expansion to government agencies. Moreover, high world market prices for food and fuel together with periodic devaluations sharply increased import costs.

The junta is now shifting its tactics. It is attempting to shave spending by cutting back government employment by 15 percent. At the same time, it is moving to reduce some of the hardships imposed on laborers. Wages are now being raised quarterly to keep pace with the cost of living and to halt the previous erosion of real wages. Moreover, released government employees are being granted subsidies to establish businesses.

The attack on government spending is unlikely to be successful next year. Falling profits from copper are likely to offset the receipts from new taxes that the junta plans to introduce. Moreover, higher wages and subsidy expenditures may well wipe out the initial savings from smaller public payrolls. Plans to cut credit to government agencies will have to be postponed. Combined with rising import costs, the new measures could make a mockery of the junta's hopes of reducing the 1975 inflation rate below 100 percent.

The junta will also find it difficult to sustain programs to improve the worker's situation. An unexpectedly poor wheat crop will keep the food import bill high, and falling domestic petroleum production will boost oil import requirements. These factors, combined with lower copper earnings, could push the 1975 trade deficit well above the \$300-million deficit projected for this year. Because existing credits will be insufficient to offset the deficit, Santiago will probably seek additional foreign assistance, particularly from the US, and call for further debt relief from its Western creditors. [REDACTED]

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PERU: CONFRONTATION STILL BREWING

(74-76)  
Unrest in the navy continues at a high level, but the threat of a general move to oust President Velasco by army moderates appears to have lessened, at least for the time being. Both moderate and radical officers are trying to strengthen their positions, however, and a decisive confrontation between them in the near term remains likely.

[REDACTED] The recently enacted military retirement regulation that set off the latest coup plotting presumably remains in effect and could be used to undercut the moderates' power in the government.

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Furthermore, it is unlikely that Velasco has softened his strong misgivings about allowing a moderate such as Morales Bermudez to assume the position of prime minister. Although it is probable that Velasco plans further moves to weaken Morales Bermudez, he may delay in an attempt to maintain as high a degree of military unity as possible.

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Velasco

*The threat has lessened*



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